

Services for children and adolescents with learning disabilities. A nonprofit organization formed to provide individual psychological and educational evaluations, as well as tutoring and therapy, for children and adolescents with learning disabilities is operated exclusively for charitable purposes and qualifies for exemption under section 501(c)(3) of the Code.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

'The organization was formed to provide individual psychological and educational evaluations, as well as tutoring and therapy, for children and adolescents with learning disabilities. The organization's psychologists and other professionals administer tests designed to determine intellectual capacity, academic achievement, psychological adjustment, speech and language difficulties, and perceptual motor abilities. Therapy is available through staff professionals who have special training in the various areas of learning disabilities. They are compensated on a straight hourly rate, which is determined by their educational attainment and experience.

'The organization's principal income is derived from fees set on a sliding scale based on parents' income and number of dependents. The organization also receives grants from foundations and government agencies. The community is made aware of the services offered by the organization through school guidance counselors, newspaper articles, public service announcements on radio, information sheets and brochures, and word of mouth.

'Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

'Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense. This includes the promotion of public health, which has long been considered a charitable objective. Restatement (Second) of Trusts, Secs. 368, 372 (1959); Bogert, Trusts and Trustees, Sec. 374 (2nd ed. 1964); and IV Scott on Trusts, Secs. 368, 372 (3d ed. 1967). See Rev. Rul. 72-16, 1972-1 C.B. 143, and Rev. Rul. 72-209, 1972-1 C.B. 148.

'The term 'charitable' also includes the advancement of education. Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term 'educational,' as used in section 501(c)(3) of the Code, includes the instruction or training of the individual for the purpose of improving or developing his

capabilities.

The organization's services are designed to relieve psychological tensions and thereby improve the mental health of the children and adolescents. Such activities accomplish charitable purposes within the meaning of section 1.501(c)(3)-1(d)(2) of the regulations.

'The organization's services include instruction in basic academic subjects, speech, perceptual-motor coordination, and psychological adjustment. This specialized instruction is tailored to the individual needs of the children and is aimed at enabling them to achieve success within a normal classroom setting. Thus, the instruction is educational within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations.

'Accordingly, the organization is operated exclusively for charitable purposes and qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

'Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.508(a)-1 and 1.508-1(a) of the regulations.